

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Andover Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2020
DATE: October 30, 2018

Required Fiscal Year 2020 Appropriation: **\$11,218,013**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2020 which commences July 1, 2019.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2020 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by Segal as part of their January 1, 2018 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2021.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk.

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Andover Retirement Board

Projected Appropriations

Fiscal Year 2020 - July 1, 2019 to June 30, 2020

Aggregate amount of appropriation: **\$11,218,013**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2020	\$12,498,106	\$11,218,013	\$0	\$11,218,013	\$11,218,013	\$0	\$1,280,093
FY 2021	\$13,171,900	\$12,025,710	\$0	\$12,025,710	\$12,025,710	\$0	\$1,146,190
FY 2022	\$13,882,054	\$12,891,561	\$0	\$12,891,561	\$12,891,561	\$0	\$990,493
FY 2023	\$14,630,527	\$13,819,754	\$0	\$13,819,754	\$13,819,754	\$0	\$810,773
FY 2024	\$15,419,390	\$14,814,776	\$0	\$14,814,776	\$14,814,776	\$0	\$604,614

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

EXHIBIT E - DEPARTMENT RESULTS

	Union Participants	State Participants	Holding Company Participants	General Participants	Special Participants	Other Participants	Total
Active Participants							
• Number	23	3	9	40	332	321	728
• Annual payroll projected for calendar 2018	\$1,668,663	\$217,173	\$520,666	\$975,515	\$11,622,269	\$25,541,090	\$40,545,376
• Average age	49.7	52.4	48.1	52.8	50.0	47.5	49.0
• Average service	20.3	18.0	14.6	6.6	9.7	15.8	12.6
• Normal cost	\$182,110	\$27,686	\$64,172	\$160,109	\$1,710,596	\$4,064,906	\$6,208,979
• Administrative expenses	8,799	1,338	3,101	7,736	82,655	196,371	300,000
• Expected employee contributions	<u>-155,445</u>	<u>-22,087</u>	<u>-44,835</u>	<u>-90,363</u>	<u>-1,088,488</u>	<u>-2,530,999</u>	<u>-3,937,130</u>
• Employer normal cost	\$35,461	\$6,926	\$17,438	\$77,482	\$704,662	\$1,729,378	\$2,571,348
• Accrued liability	7,086,025	782,690	1,817,941	1,650,785	28,793,838	90,246,966	130,383,245
Retired Participants							
• Number	10	3	5	21	159	372	470
• Total benefits	\$409,987	\$102,438	\$108,486	\$160,344	\$2,288,152	\$11,146,169	\$14,215,576
• Average benefits	40,999	34,146	21,697	7,635	14,391	40,379	33,246
• Accrued liability	4,434,330	841,745	1,138,938	1,728,219	24,013,212	116,180,137	148,346,581
Vested Participants							
• Number	1	--	1	3	6	12	23
• Accrued liability	\$236,942	--	\$6,387	\$460,247	\$473,911	\$1,957,828	\$3,135,315
Inactive Participants							
• Number	--	--	1	8	79	8	96
• Employee contribution balance	--	--	\$355	\$19,240	\$318,562	\$55,878	\$394,025
Appropriation for Fiscal Year Ending							
• 2019	\$348,159	\$52,756	\$63,227	\$191,277	\$2,207,535	\$7,571,611	\$10,464,565
• 2020	391,284	\$5,211	107,858	198,594	2,360,181	8,104,085	11,212,013
• 2021	419,456	60,258	115,409	212,893	2,530,114	8,687,580	12,025,710

Notes: Administrative expenses are allocated in proportion to normal cost.
Fiscal 2019 appropriations are equal to the previously budgeted amounts determined with the prior valuation.
Fiscal 2020 appropriations are based on employer normal cost shown and amortization payments allocated proportionally to the actuarial accrued liability.